

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Taunton Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: May 26, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The System maintained the 7.75% investment return assumption used in the 2016 and 2018 actuarial valuations. Although this assumption is acceptable, we believe it is at the high end of a reasonable range of investment return assumptions as of January 1, 2020. We will generally be recommending an assumption between 7.0% and 7.25% for our 2020 local system valuations. For comparison, there are currently 27 systems using an assumption of 7.50% and an additional 59 systems using an assumption of less than 7.50%.

The System adopted the SOA Pub-2010 Public Retirement Plans mortality assumptions (group specific) and updated the mortality improvement scale to MP-2019 through 2025. The data used to produce these mortality tables did not include any public plans from Massachusetts. In performing our experience analysis for local system mortality (completed in 2019), we found that these tables were not consistent with our experience; they produced less deaths than our experience showed. For State retirees; we found that these tables produced more male deaths, but less female deaths than experience showed. The mortality assumption adopted is more conservative than our standard mortality assumption for local systems.

The valuation continues to use a salary increase assumption of 3.5%. This is among the lowest in the state. Only 10 systems use an assumption of 3.5% or lower in valuations. We note that page 3 of the valuation report shows a \$4.9 million loss on the salary assumption (actual pay increases were greater than assumed).

We are available to discuss these issues further. If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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[https://shermanactuary-my.sharepoint.com/personal/dan_shermanactuary_com/Documents/Recovered Data/Taunton/2020/\[Taunton2020_Val - 775% proposed Mortality.xlsm\]Inputs](https://shermanactuary-my.sharepoint.com/personal/dan_shermanactuary_com/Documents/Recovered Data/Taunton/2020/[Taunton2020_Val - 775% proposed Mortality.xlsm]Inputs)

Appropriation Forecast

Fiscal Year	Employee Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**
2021	\$67,239,674	\$6,077,886	\$3,395,551	\$13,627,515	\$17,023,066	25.3	74.3
2022	\$70,265,459	\$6,419,823	\$3,475,316	\$15,319,102	\$18,794,418	26.7	76.0
2023	\$73,427,405	\$6,780,227	\$3,555,384	\$16,008,461	\$19,563,845	26.6	78.1
2024	\$76,731,638	\$7,160,066	\$3,635,620	\$16,728,842	\$20,364,462	26.5	80.2
2025	\$80,184,562	\$7,560,362	\$3,715,878	\$17,481,640	\$21,197,518	26.4	82.5
2026	\$83,792,867	\$7,982,185	\$3,795,997	\$18,268,313	\$22,064,310	26.3	85.0
2027	\$87,563,546	\$8,426,662	\$3,875,802	\$18,853,491	\$22,729,293	26.0	87.6
2028	\$91,503,906	\$8,894,978	\$3,955,103	\$19,701,898	\$23,657,001	25.9	90.4
2029	\$95,621,582	\$9,388,379	\$4,033,692	\$20,588,484	\$24,622,176	25.7	93.4
2030	\$99,924,553	\$9,908,174	\$4,111,345	\$21,514,966	\$25,626,311	25.6	96.6
2031	\$104,421,158	\$10,455,738	\$4,187,818	\$0	\$4,187,818	4.0	100.0
2032	\$109,120,110	\$11,032,519	\$4,262,849	\$0	\$4,262,849	3.9	100.0
2033	\$114,030,515	\$11,640,038	\$4,336,152	\$0	\$4,336,152	3.8	100.0
2034	\$119,161,888	\$12,279,893	\$4,407,421	\$0	\$4,407,421	3.7	100.0
2035	\$124,524,173	\$12,953,763	\$4,476,322	\$0	\$4,476,322	3.6	100.0
2036	\$130,127,761	\$13,663,415	\$4,542,500	\$0	\$4,542,500	3.5	100.0
2037	\$135,983,510	\$14,278,269	\$4,746,913	\$0	\$4,746,913	3.5	100.0
2038	\$142,102,768	\$14,920,791	\$4,960,524	\$0	\$4,960,524	3.5	100.0
2039	\$148,497,392	\$15,592,226	\$5,183,747	\$0	\$5,183,747	3.5	100.0
2040	\$155,179,775	\$16,293,876	\$5,417,016	\$0	\$5,417,016	3.5	100.0
2041	\$162,162,865	\$17,027,101	\$5,660,781	\$0	\$5,660,781	3.5	100.0
2042	\$169,460,194	\$17,793,320	\$5,915,517	\$0	\$5,915,517	3.5	100.0
2043	\$177,085,902	\$18,594,020	\$6,181,715	\$0	\$6,181,715	3.5	100.0
2044	\$185,054,768	\$19,430,751	\$6,459,892	\$0	\$6,459,892	3.5	100.0
2045	\$193,382,233	\$20,305,134	\$6,750,587	\$0	\$6,750,587	3.5	100.0
2046	\$202,084,433	\$21,218,865	\$7,054,364	\$0	\$7,054,364	3.5	100.0
2047	\$211,178,233	\$22,173,714	\$7,371,810	\$0	\$7,371,810	3.5	100.0
2048	\$220,681,253	\$23,171,532	\$7,703,541	\$0	\$7,703,541	3.5	100.0
2049	\$230,611,909	\$24,214,250	\$8,050,201	\$0	\$8,050,201	3.5	100.0
2050	\$240,989,445	\$25,303,892	\$8,412,460	\$0	\$8,412,460	3.5	100.0
2051	\$251,833,970	\$26,442,567	\$8,791,021	\$0	\$8,791,021	3.5	100.0
2052	\$263,166,499	\$27,632,482	\$9,186,616	\$0	\$9,186,616	3.5	100.0

* Calendar basis

** Beginning of Fiscal Year